



THE SOPHISTICATED TRAVELLER'S GUIDE TO Vacation Investment

Presented by: Luxus Vacation Properties




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INTRODUCTION

Who doesn't love to travel? Whether it's relaxing on the beach, taking in the cultural sights, enjoying a round (or two) of golf, or plowing through some fresh powder on the mountain, vacations help us re-energize, refocus, and reconnect with family and friends. Today, the travel industry is abundant with choice. The options can be so overwhelming that you may not even know where to start.

Luxus Vacation Properties (LVP) is pleased to provide this report as an information resource for those seeking to invest in the travel industry. This report demonstrates the broad range of travel options available to you, as a sophisticated traveller, and can be used as a tool in your search for the ultimate vacation solution.

The six most popular forms of travel will be reviewed in this report, including:

- ◆ **HOTELS** - short-term accommodation, typically double occupancy with in-room amenities and traditional hotel services
- ◆ **VACATION RENTAL** - fully furnished property, typically booked online, short-term availability
- ◆ **TIMESHARES** - broadly defined as the right to use a property (e.g., beach or ski resort) for a specific period of time each year
- ◆ **FRACTIONAL OWNERSHIP** - a single property divided into shares, each share receives entitlement to a specific amount of time at property
- ◆ **PRIVATE CO-OWNERSHIP (LUXUS)** - private group of investors co-owning various properties for lifestyle and financial purposes
- ◆ **SECOND HOME** - a seasonal or vacation property owned exclusively by one party

Luxus Vacation Properties has included its private co-ownership model for consideration as an investment alternative in this report. The following pages will illustrate how it ranks in features and advantages compared to other options. LVP's main goal with this report is to educate you on the available options so that you can make a decision that's right for you. No matter which investment option

you choose, LVP wishes you a future with many wonderful and memorable vacation moments.

If you have any questions or comments after reviewing our report, please contact the Luxus office at 780-467-5521 or info@luxusgroup.com.



TRAVEL MODEL OPTIONS | *The Elements of Travel*



Before you begin your search, you must first identify your needs and interests. For example, do you seek variety in your travels or the same holiday experience each year? Is an equity position important to you? Do you prefer to plan ahead or are you more spur-of-the-moment? Which attributes do you value the most? Once you identify what is important to you, you can then start to review the six models and weigh the advantages and disadvantages of each to find your perfect choice.

The chart above demonstrates how each vacation model is placed when evaluated on the important factors of Time versus Equity. The vacation models that place high value on Time (left side of spectrum), offer flexibility with little to no responsibility. The vacation models that place high value on Equity (right side), focus more on the benefits and characteristics of ownership. As you move towards the centre of the chart, you begin to see a balance between the two factors. **Where do you fit on the chart?**

LIFESTYLE & INVESTMENT TRAVEL MOTIVATORS

Each of the six travel models is evaluated based on the level of desirability that they achieve when considered against the most common lifestyle and investment travel motivators. Your interpretation of this chart will be based solely on the factors you consider, as you review the different travel options, and their importance to you.

		LIFESTYLE				INVESTMENT			
		Variety	Freedom & Flexibility	Consistency & Luxury	Hassle-free	Appreciation	Pride of Ownership	Cost of Ownership	Liquidity
TIME	Hotel	◆◆	◆◆	Varies	◆◆	◆◆	◆◆	n/a	n/a
	Vacation Rental	◆◆	◆◆	Varies	◆◆	◆◆	◆◆	n/a	n/a
	Timeshare	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆
EQUITY	Fractional Ownership	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆
	Private Co-Ownership (Luxus)	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆
	Sole Ownership	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆	◆◆

Least Desirable
 Less Desirable
 Partially Desirable
 More Desirable
 Most Desirable

Lifestyle Travel Motivators:

- ◆ **VARIETY** – you enjoy different types of vacation experiences
- ◆ **FREEDOM & FLEXIBILITY** – you go when you want, how you want, every time
- ◆ **CONSISTENCY & LUXURY** – you have certain expectations, preferred comfort level
- ◆ **HASSLE-FREE** – you like starting vacations immediately, don't want maintenance

Investment Travel Motivators:

- ◆ **PRIDE OF OWNERSHIP** – you feel at home, it's like home
- ◆ **COSTS & EXPENSES** – you look at investment, expenses, income, and time
- ◆ **LIQUIDITY** – you want option to “exit” investment at any given time
- ◆ **APPRECIATION** – you value the possibility of investment growth



DEFINITIONS

A brief synopsis of the six main travel models is provided on the next two pages, including an indication of the industry leaders for each model.

1. Hotel

Renting a hotel or resort accommodation presents the most flexible and unlimited option available (highest on the “time” portion of the continuum); the only restrictions are really your imagination and your budget. While value can always be found with research, expertise, and loyalty programs, peak- or high-demand time periods will usually come with the highest price tag.

Today, hotels and resorts struggle to accommodate a growing trend among families seeking adjoining or higher-occupancy accommodations for their extended family members or friends. If you are willing to pay for the four- or five-star experience, you can expect the amenities and service to go along with it. Hotel and resort industry leaders include Four Seasons, Fairmont Hotels & Resorts, and Marriott.

2. Vacation Rental

Many consumers recognize their desire for additional space, privacy, and home-style amenities (e.g., kitchen) and seek vacation rentals to accommodate these preferences. The ability to review options and book online enables consumers to gain flexible and unlimited access to condos, townhomes, and single-family dwellings in every destination imaginable. Guided by budget and a desired level of luxury, consumers can use website pictures and guest comments to evaluate their options.

One drawback is that properties can be misrepresented in the photos. Also, there is no guaranteed standard about what is included with the rental (e.g., housewares, electronics). Vacation rental industry leaders include VRBO and Owner Direct Vacation Rentals.

3. Timeshare

While there are many different timeshare structures and types, they fundamentally offer consumers the same opportunity—the purchase of time in a fully furnished vacation property, typically in weekly increments, at a fraction of the cost of ownership. Timeshares are often located in condo or hotel communities that feature additional amenities and services. They are usually characterized as two-bedroom, condominium-style units are ideal for small families. Trade and exchange opportunities may exist with the more reputable timeshare companies.

While some very credible companies have entered into this market segment in recent years, timeshares historically have had a bad reputation, which is mainly tied to the sales tactics used to sell them. Best described as a pre-paid, guaranteed vacation experience, timeshares can also be viewed as low-risk and low return. Timeshare industry leaders include Marriott, Hilton, Hyatt, and Wyndham.

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4. Fractional Ownership

Fractional ownership provides consumers with the opportunity to buy partial ownership in a property (typically at a luxury level) in popular resort areas. Ownership is commonly divided into fourths, eighths, or even sixteenths with each owner having an equal number of days to access the property. Fractional ownership allows consumers to buy what they know they will use without having to pay the full costs typically associated with second homes. Consumers are tied to only one property (in some cases, exchange programs do exist). There is a feeling of ownership connected with this opportunity, and this option may be more financially possible than full ownership.

Often un-used time is placed into a rental program situation; this can compromise the integrity of the home and the owner's ability to maintain that personal second-home appeal. Fractional ownership industry leaders typically vary by destination and by development.

5. Private Co-Ownership (Luxus)

The private co-ownership model provides a small group of investors with a significant equity position in a portfolio comprised of luxury properties located in the most popular destinations around the world. Through this portfolio, investors will gain exclusive access to beautiful destinations for their personal vacation usage. Ownership is hassle-free, and consistent standards are maintained among the portfolio properties.

This option is lifestyle-focused and investment-based with the common feature being a fixed-termination date (provides investors with a guaranteed exit strategy). This model typically appeals to professionals, business owners, and families who seek value, convenience, flexibility, and variety. Private co-ownership industry leaders include Luxus Vacation Properties (CAN), The Hideaways Club (UK), and Equity Estates (US).

6. Sole Ownership

Sole ownership, also commonly referred to as second-home ownership, provides consumers with full equity and a complete sense of ownership. You have full control over the choice of the destination, property, amenities, and furnishings. While some may feel limited to one destination, most buyers who choose this option enjoy the guaranteed opportunity to visit their second home any time they like.

Common drawbacks include a feeling of obligation to visit that home for every vacation experience and the fact that costs are paid year-round regardless of usage. Second-home owners are typically disappointed when they actually only spend four to five weeks at their home per year, instead of the three to five months that they had originally planned.



CONCLUSION

As this report has demonstrated, each model appeals to different lifestyle interests, investment needs, and budgets. Regardless of whether it is a second home or a private co-ownership that you are searching for, you need to take those important first steps to evaluate your interests. Only then can you find the unique solution to fit your requirements. Equity continues to remain a major driver for savvy Canadian investors who seek to maximize their travel dollar and make a smart decision. But being the sophisticated traveller that you are, you value more than just the solid long-term

investment. You also appreciate the experience that beautiful high-end destinations have to offer, and you enjoy luxury at affordable prices. In essence, you refuse to settle for anything typical or ordinary—fortunately, neither does LVP.

If you are an investor who wants to explore an extraordinary investment opportunity and custom vacation experiences beyond the imaginable, please contact the Luxus office at 780-467-5521 or info@luxusgroup.com.





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